

Educator *retired*

WINTER 2001/02

SEMIANNUAL NEWSLETTER FOR CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM BENEFIT RECIPIENTS

New Legislation Increases Purchasing Power to 80 Percent

Long-term Beneficiaries to Receive Supplemental Benefit in February

NEW LEGISLATION SIGNED BY GOVERNOR GRAY DAVIS IN OCTOBER 2001 will increase the purchasing power of long-term beneficiaries from 75 percent to 80 percent. The legislation, AB 135 by Assembly Member Sally Havice, will affect the benefits paid this year.

CalSTRS pays supplemental benefits, separate from the monthly payment, four times a year to benefit recipients whose benefits have been eroded by inflation. The next supplemental payments will be paid in January and will not contain the new amount. A special adjustment to reflect the increase for the October 2001 and January 2002 payments will be mailed by February 28, 2002. The regular quarterly supplemental payment made in April 2002 (and any future payments) will be based on 80 percent purchasing power.

CalSTRS is in the process of determining eligibility and benefit amounts. It will be February before CalSTRS will know who will receive increases and the amount of those increases. Early estimates indicate that these eligible recipients will likely be those who retired in or before 1985.

For general information about the quarterly supplemental payments, call Teletalk at 800-228-5453 and listen to message 602. Message 603 will give you information about changes in quarterly supplemental payments.



**A SPECIAL ADJUSTMENT TO REFLECT THE INCREASE FOR
THE OCTOBER 2001 AND JANUARY 2002 PAYMENTS
WILL BE MAILED BY FEBRUARY 28, 2002.**



From the desk of

Marty Mathiesen

HAPPY  HOLIDAYS!

I HAVE SOME GOOD NEWS ON THE LEGISLATION FRONT and an announcement about the departure of Jim Mosman, CalSTRS' well-respected Chief Executive Officer for the past thirteen years.

First the good news—

Christmas came early to many long-term CalSTRS benefit recipients with passage of AB 135. The new law increases the purchasing power protection for the oldest CalSTRS members from 75 percent to 80 percent. About 43,000 CalSTRS benefit recipients, including me, will be eligible for an increased supplemental payment starting in October 2001. Another 16,000 will become eligible because their allowance falls between the 75 and 80 percent mark.

See page 1 for information about the supplemental payments, which affect benefits paid this year. Thank you to all who supported this important legislation, most notably Assembly Member Sally Havice who sponsored the bill. She worked tirelessly to ensure that the retirement benefits of older teachers are not eroded by inflation.

If you've ever thought about going back to teaching, the Legislature just sweetened the pot with SB 334. This legislation, which was approved in October, considers all service credit earned during a reinstated member's career as subject to the benefits in effect at the

time of the second retirement. To be eligible, a member must reinstate, accrue at least two years of service credit and retire again for service. Many thanks to Senator Deborah Ortiz who dedicated three years to this issue. See page 3 for details.

On a sadder note, CalSTRS' Chief Executive Officer Jim Mosman announced his departure from CalSTRS. Jim will leave CalSTRS at the end of 2001 to become Executive Director of the National Council on Teacher Retirement, an independent association dedicated to safeguarding the integrity of public retirement systems for teachers.

The organization's membership includes 67 state, territorial, local and university pension systems. His new position will give him the opportunity to focus on teacher pension issues, but at the national level. Currently located in Austin, Texas, the headquarters office will move to Sacramento by the end of 2001.

Jim's career in state government began in 1971. Before CalSTRS, he was director of the California Department of Personnel Administration from 1985 to 1988 and served on the California Public Employees' Retirement System board during that period.

Jim has directed the administration of CalSTRS since November 1988, and I would like to thank him for all he has

done to improve the retirement benefits of teachers.

During his tenure, the investment portfolio grew from \$24.3 billion to \$105 billion and membership increased by approximately 220,000 persons to the current 661,000 members and benefit recipients. Under his strong leadership and buoyed by excellent investment returns in the 1990s, the single biggest development in CalSTRS' history was realized—CalSTRS achieved fully funded status. This means the CalSTRS portfolio can fund its current benefits.

Full funding has allowed for many important boosts in benefits that have occurred during Jim's tenure, including the recent ad-hoc benefit increase and the guaranteed minimum annual allowance.

In addition, Jim's dedicated support was critical to two increases in purchasing power protection, going from 68.2 percent to 80 percent.

I want to thank Jim for his many accomplishments, for his commitment to the state's teachers and, most of all, for his exemplary leadership and integrity. Although Jim will be sorely missed, I wish him the best of luck in his new position.

The next *Retired Educator* will include an announcement about the new CEO, who will be on board by then.

Reinstated Teachers Get Benefits Break

IF YOU ARE THINKING ABOUT RETURNING TO TEACHING, you will be interested in a law just enacted. SB 334 by Senator Deborah Ortiz applies to members who reinstate, accrue at least two years of service credit and then retire for service again after October 13, 2001.

Before this new law, benefit improvements applied only to service credit earned after reinstating to CalSTRS-covered employment and not to the earlier career.

Now all service credit earned during the member's career is subject to the benefits in effect at the time of the second retirement. An adjustment in the age factor will be applied for the earlier service to reflect the number of years the member was retired. In addition, the calculations are slightly different for a member who returns following a disability allowance or disability retirement.

For more information about reinstatement, call the Teletalk line and request message 371.



Example

Sam retired July 1, 1996, on his 56th birthday with 30 years of service and a \$4,000 final compensation. His final compensation was based on the average of his highest three consecutive years, although his highest single year of compensation was \$4,200 per month. Sam reinstated on July 1, 1998, after two years retirement at a slightly lower salary. He taught full-time for four years and retired again on July 1, 2002, his 62nd birthday.

PRIOR LAW

INITIAL CAREER

Age 56 age factor 1.52%
Credited service (years) x 30
Final compensation x \$4,000
Initial allowance = \$1,824
Accumulated COLAs from 1997 through 2001 (5 years) + \$182
Total benefit on initial career \$2,006

SECOND CAREER

Age 62 age factor 2.4%
Credited service (years) x 4
Final compensation x \$4,000
Allowance from second career = \$384

Combined Allowance, Prior Law \$2,390

SB 334

INITIAL CAREER

Age factor for age 62 minus 2 years retired (Age 60) + career factor 2.2%
Credited service (years) x 30
Final compensation x \$4,200
Initial allowance = \$2,772

SECOND CAREER

Age 62 age and career factor 2.4%
Credited service (years) x 4
Final compensation x \$4,200
Allowance from second career = \$403
Longevity bonus based on both careers ... + \$400
..... \$803

Combined Allowance, SB 334 \$3,575

Increased monthly allowance \$1,185

Contacting CalSTRS—Making Headway

Some Other Ways to Get Information

IN THE LAST ISSUE YOU HEARD THAT CALLERS WERE GETTING BUSY SIGNALS and experiencing long waiting times when using the CalSTRS toll-free phone system. You also heard that CalSTRS was working hard to improve phone service.

So how is CalSTRS doing? Making headway—although at times, callers still experience delays. CalSTRS members still hear the dreaded, “We’re sorry, but all our lines are busy,” but less often, and waiting time has been reduced.

Recent improvements such as the hiring of new employees, redesigning the phone system to allow for specialization of staff and providing self-service features to the phone system have helped improve customer service.

Be assured that CalSTRS employees and the Teachers’ Retirement Board are working diligently to ensure the top-quality service that members deserve. Plans are underway to recruit, hire and train additional staff and to provide other avenues for members to obtain CalSTRS information.

Here are some ways to get the information you need without hearing a busy signal or spending time on hold:

Call after hours to use the automated telephone system to hear Teletalk messages, order forms and get information about your last warrant. The number is 800-228-5453. Automated services are offered 24 hours a day, seven days a week.

■ If you want to know the amount and date of your last warrant, Press 1. You will need to provide your Social Security number.

■ For Teletalk, which has more than 100 recorded messages that can provide general information on CalSTRS benefits and services, press 2. You can even have a Teletalk message faxed to you for reference.

■ Order forms or booklets or request a duplicate 1099R form by pressing 3.

Use the CalSTRS Web site. You can obtain information about benefits and services, view publications and order forms on our Web site at www.calstrs.ca.gov. If you do not have a computer at home, visit your local library. Nearly all of them provide Internet access and staff to help you.

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E-mail your questions. You can expect an answer to your e-mail within ten working days. You can send e-mail from our Web site by selecting “Contact CalSTRS” on the home page.

Of course if you need to speak to someone directly, please call the Public Service Office. Representatives are available from 8:00 a.m. to 5:00 p.m., Monday through Friday. As the improvements to customer service continue, soon you’ll hear, “Operators are standing by.”



Mentoring Rewards All Involved

The young teachers are
inspirational and it's great for kids



SAVI MALIK, A FIRST-YEAR 6TH GRADE MATH TEACHER IN LONG BEACH, had only five weeks of training before being placed in a classroom through Teach For America. This program recruits outstanding recent college graduates of all academic majors to commit to teach for two years in some of the country's most under-resourced public schools. Savi's support system includes a weekly coach and a math teacher on campus, both relatively new to teaching. The principal offers support and feedback as well. However, support is slim when 20 of the school's 60 teachers are new to teaching. That's where Shirley Sauvageau steps in. Shirley, a retired teacher with 40 years of teaching experience, mentors Savi once a month.

Savi and Shirley got connected because the University of California, Los Angeles Center on Aging teamed with Teach For America to seek retired educators as mentors for these new teachers. Shirley is now retired, but she used vacation time while still working when she began mentoring.

"The young teachers are inspirational and it's great for kids," said Shirley. "Savi follows through and is a good planner, but I give her tips. I charted her interaction with students to show who gets the most and least amount of contact. I gave her tips to allow team members maximum participation. Savi is so dedicated to helping the community that she tutors twice a week after school and teaches during year-round school intersession."

"Without this incredible program I would be so lost in my first year," said Savi. "Shirley is absolutely wonderful. She has a wealth of experience and is great with kids. We just seem to connect because our teaching styles mesh. Shirley critiques me in a good way, pointing out both my strengths and weaknesses. Shirley's classroom management style helps children to learn

better, she offers concrete solutions and she helps me deal with administrative barriers like the lack of supplies."

The beneficiaries of this effort are the children.

"Savi's students have changed," said Shirley. "The apathy is gone, and she now has to deal with exuberance. It is satisfying to see these young people be successful."

Want To Get Involved?

The UCLA Center on Aging is currently recruiting retired educators to guide first-year teachers in Southern California. Areas of particular need are Compton, Lynwood and South Central Los Angeles. Mentors commit to three hours or more a month for classroom observation and critical feedback and a once a month phoned status report to Teach For America. If you would like more information on becoming a volunteer mentor, contact Emily Liu, UCLA Center on Aging, at (310) 794-0676.

Beware of Telephone Scams

Telephone scams do happen. The person who calls is usually charming and persuasive. There is some kind of urgent matter involving your finances that is brought to your attention. The call comes in the evening or on a weekend when you can't verify the person's background or the information given. You are asked to wire money or provide access to your bank account to correct the financial discrepancy.

According to United Teachers Los Angeles, several retired teachers recently reported these types of calls from a man claiming to be working with a Southern California law firm. The man claims he is investigating mistakes made by CalSTRS, and the member is owed a large refund. He asks the member to wire money through Western Union.

“Be assured that CalSTRS does not hire outside consultants to rectify discrepancies. And in almost all cases, we communicate with you in writing about your benefits.”

Don't fall for these or other scams. Beware of phone callers making promises about your CalSTRS benefits. Be assured that CalSTRS does not hire outside consultants to rectify discrepancies. And in almost all cases, we communicate with you in writing about your benefits.

Somehow this man obtained the names, addresses and phone numbers of retired teachers in Southern California. Be assured that CalSTRS absolutely does not sell information about you, including your name, address or phone number for commercial purposes.

If you receive a suspicious phone call, hang up and immediately report the call to your local law enforcement.

Understanding Your 1099R Tax Form

Form to be Mailed by the End of January

If you struggle every year to fill out your taxes, it may be comforting to know that even Albert Einstein found the IRS rules perplexing. The Father of Relativity reportedly said, “The hardest thing in the world to understand is income taxes.”

This article is intended to help make one of your tax forms more clear—the 1099R. The 1099R provides you with the information you need about the taxable income from your CalSTRS retirement benefits. Most years, CalSTRS mails your 1099R by January 15, well before the federally prescribed January 31 deadline. This year the form will be mailed no later than January 31, so look for it to be in your mailbox by early February.

The 1099R

Here's a description of the most common fields in the 1099R:

- Box 1 reports your gross distributions; box 2a reports the taxable amount; and box 5, the tax-free amount.

continued on page 7

- Box 2b is checked when the taxable amount cannot be determined. This box is checked when all the facts are not available to calculate the taxable amount. In this case, you may wish to consult with your tax advisor to determine the taxable portion of the distribution.
- Box 7 notes the distribution code, which defines the distribution you received. Please refer to the back of the form for a list of the distribution codes.

To Request Another Form

CalSTRS will mail your 1099R to the address on record for you as of December 2001. If you don't receive your form by early February or if you want to request a replacement, call the toll free number at 800-228-5453 in February.

Changing Your Deduction

After you complete your 2001 tax returns, you may want to change the federal or state withholding amounts deducted from your monthly benefit payment. To do so, complete a CalSTRS tax withholding form and return it by mail or fax to CalSTRS. You can get the form on our Web site, www.calstrs.ca.gov, or order through the toll-free phone number.

For Tax Information

If you have questions about your federal taxes or tax laws, you can contact the IRS at 800-829-1040 or by logging on to their Web site at www.irs.gov.

For state tax information, contact the California State Franchise Tax Board at 800-852-5711 or at www.ftb.ca.gov.



Logo Registered for Protection

A logo is the public face of a business or organization. On printed materials, a logo acts as a shortcut in identifying the source of the information.

If you can trust the entity the logo represents, you can trust the information. Therefore, it's important to maintain the integrity of the CalSTRS logo. To help, CalSTRS has legally protected it by registering the logo with the U. S. Patent and Trademark Office.

Registration of the logo was necessary because some private companies have designed logos remarkably similar to CalSTRS'. These parties seek to gain commercially by offering products or services that appear to be CalSTRS related.

Legal registration of the logo may help slow down misleading practices by some commercial entities. If someone uses the logo without permission, that would constitute an infringement of the registration. CalSTRS could sue for damages or bar that party from acting without permission.

If you have any doubts about whether or not you are dealing with a CalSTRS staff person or the materials you receive are from CalSTRS, call the Public Service Office at 800-228-5453.

Feds Make \$36 Million Elk Hills Payment to CalSTRS

Funding Supports Purchasing Power Protection

IN OCTOBER 2001, CALSTRS RECEIVED THE THIRD INSTALLMENT OF THE ELK HILLS COMPENSATION. Legislation needed to approve the funds for the fourth installment, to be paid October 2002, passed Congress and was signed by President George W. Bush.

Payments Are for School Lands

In October 1997, the federal government sold the Elk Hills Petroleum Reserve to Occidental Petroleum for \$3.65 billion. Nine percent of this, or \$320 million, was earmarked for California's retired teachers as compensation for some school lands that occupied a part of the Elk Hills property. CalSTRS is slated to receive the \$320 million in seven annual installments; the October payment of \$36 million is the third of these payments.

Payments Provide Purchasing Protection

The Elk Hill payments are used to fund the Supplemental Benefit Maintenance account. This account provides the funding for purchasing power protection for older retired members whose benefits have been eroded by inflation. Recently enacted legislation, AB 135

(Havice), increased purchasing power protection to 80 percent from the current 75 percent. (See page 1 for details) These benefits are paid to eligible members four times a year.

The Appropriation Is a Yearly Process

Although federal law of 1999 authorized the payments, Congress must pass legislation each year to appropriate that year's installment and the President must sign this legislation. Our representatives in Washington will keep track of this process for CalSTRS for the next few years to ensure that the appropriations continue.

Retired Member Thinking About Returning?

If you are thinking about returning to CalSTRS-covered employment, you may have to take the California Basic Educational Skills Test.

You may need to retake the CBEST before having your credential reissued if:

1. You hold a life or clear credential that was issued prior to 1983; and
2. You have not been employed in a position requiring certification in any school district for 39 months or more.

Your employer will let you know if you must take the CBEST. If you do, you can work in the classroom up to a year before taking the test. Your employer can answer your questions about CBEST exemptions.



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First Year of 2001–2002 Legislative Sessions Ends

EACH YEAR LEGISLATION IS INTRODUCED that would, if approved by the Legislature and Governor Gray Davis, improve benefits paid to CalSTRS members including retired members. The first year of the two-year legislative session has ended and the Governor has signed three bills that directly affect CalSTRS. These bills are summarized below.

In addition, other legislation introduced this year did not complete the legislative process. It is possible some of those bills will be given further consideration in the next calendar year. Bills with provisions affecting CalSTRS retired members are also summarized below.

Unless stated otherwise, new benefit changes take effect on January 1, 2002.

ENACTED LEGISLATION

AB 135 (Havice) Chapter 840, Statutes of 2001

Increases the purchasing power protection program from its current 75 percent to 80 percent. *Please see page 1 for details.*

AB 804 (Education Committee) Chapter 734, Statutes of 2001

Requires CalSTRS to notify members about the time constraints and possible requirements for passing the California Basic Educational Skills Test if the individual wants to return to teaching after an absence of 39 or more months. Became effective October 11, 2001. *Please see page 8 for details.*

SB 334 (Ortiz) Chapter 800, Statutes of 2001

Increases benefits paid to members who retire for service, reinstate under CalSTRS-covered employment and perform at least two years of credited service and then re-retire. The two years of credited service can be accrued at any time as long as the member re-retires after October 13, 2001. *Please see page 3 for details.*

PROPOSALS HELD IN COMMITTEE

These bills were “held in committee” for the first year of this two-year legislative session. If it chooses, the Legislature can reconsider them in January 2002.

SB 191 (Karnette)

Requires CalSTRS to pay Medicare Part B premiums for active and retired members who were at least age 55 on January 1, 2001. Requires CalSTRS to make annual payments to active member Defined Benefit Supplement accounts from 2002 through 2011..

SB 461 (Torlakson)

Requires CalSTRS to provide high deductible prescription drug coverage to retired members with unspecified minimum levels of service credit.



CalSTRS Medicare Premium Payment Program News

Medicare Part B Premium Increasing

STARTING JANUARY 1, 2002, THE FEDERAL GOVERNMENT IS INCREASING MEDICARE PART B (medical insurance) premiums by 8 percent. For persons paying the basic \$50 monthly payment now, that means a rise to \$54 per month. If you are paying surcharges, those will also increase by 8 percent.

General Enrollment Period Starts January 1

Last January, CalSTRS inaugurated its Medicare Premium Payment Program, which, beginning July 1, 2001, pays for Medicare Part A (hospitalization insurance) for retired Defined Benefit Program members who are not otherwise eligible for premium-free Part A coverage. Members participating in the MPP program must also enroll in Medicare Part B. Costs to the

retired member include the Medicare Part B premium and, for members who enrolled in Medicare after July 1, 2001, any surcharges for late enrollment.

Last year, some eligible members chose not to enroll in the MPP Program but have since contacted CalSTRS about participating in it. This reminder is for those members.

Your opportunity to enroll in Medicare begins January 1, 2002, and runs through March 31, 2002. To enroll, call Social Security at 1-800-772-1213 (TTY 1-800-325-0778) and at the main menu, select 5 then 0.

If you no longer have the Medicare Premium Payment Program information packet you received last year from CalSTRS, call the Public

Service Office at 1-800-228-5453 to have a packet sent to you. At the main menu, select the forms ordering option by pressing 3. You can also print out the packet from the CalSTRS web site at www.calstrs.ca.gov.

The information packet details the program and contains the *Medicare Payment Authorization* form. You must complete this form to have CalSTRS pay your Medicare Part A premium or deduct the Part B premium from your CalSTRS allowance. The packet also explains that if you are enrolling in Medicare and are older than 65, you may be liable for surcharges for both Medicare Part A and B.

If you are not yet 65, CalSTRS will mail you an enrollment packet three months before your 65th birthday.



Prevention is Better Than Treatment

by *Fabio Sabogal, PhD. , CMRI*
and *Christine Plumb, Centers for Medicare & Medicaid Services*

THERE ARE MANY THINGS YOU CAN DO EVERY DAY to help prevent illness and maintain health. All these can help keep you healthy:

- ♦ don't smoke
- ♦ stay physically active through regular exercise, gardening or just walking a few blocks
- ♦ limit how much alcohol you drink
- ♦ eat a healthy, well balanced diet that is low in fat
- ♦ stay or become actively involved in your community
- ♦ create a safe living environment

There are a few other things you can also do throughout the year that are just as important: talk with your doctor about the best ways to stay healthy and active and also see your doctor regularly for preventive screenings and exams.

Medicare pays for many preventive services to help you stay healthy. It covers benefits that detect diseases at early stages, when they are most treatable, and even prevents them from developing. Medicare pays for the following preventive healthcare services:

- ♦ tests for breast, colorectal, prostate and cervical cancers
- ♦ regular exams of feet, eyes and blood sugar and self-management for people with diabetes
- ♦ immunizations against flu, pneumonia and Hepatitis B
- ♦ bone mass measurements to test for osteoporosis

These tests can help you avoid serious illness and even can prevent some diseases from ever developing. Talk to your doctor about the preventive screenings and exams he or she thinks are right for you. Enjoy the peace of mind that comes with taking care of your health. These benefits from Medicare may be the key to long lasting good health.

WHERE TO CALL FOR HELP WITH MEDICARE QUESTIONS?

General Medicare information, ordering Medicare booklets and health plan information

Medicare 1-800-MEDICARE
(1-800-633-4227)
TTY/TDD 1-877-486-2048 or
www.medicare.gov

Medicare eligibility, address changes, Medicare A or Part B, lost Medicare card and Social Security benefits

Social Security Administration
800-772-1213
TTY/TDD 800-325-0778

Medicare, health insurance issue, Medigap policies, long-term care insurance, Medicare health plan choices, Medicare rights and protections and help with filing an appeal

Health Insurance Counseling and Advocacy Program 800-434-0222

Medicare Part B coverage and benefits, bills, services, fraud and abuse

National Heritage Insurance Company Northern California, the Medicare Part B carrier for CMS for portions of California 800-952-8627; Southern California, 800-675-2266 or
www.medicarenhic.com

Complaints about quality of care and filing an appeal or complaint

CMRI, a nonprofit organization dedicated to improving the quality of healthcare you receive through Medicare. 800-841-1602, TDD 1-800-881-5980 or www.cmri-ca.org

Cancer prevention, detection and treatment

Cancer Information Service
800-422-6237 TTY 800-332-8615
or www.nci.nih.gov

Immunizations

Centers for Disease Control and Prevention 800-232-2522

Diabetes management and local programs and services

American Diabetes Association
800-342-2383



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HOW TO REACH US

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California State Teachers' Retirement System
P.O. Box 15275
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Call CalSTRS Public Service Office:

(800) 228-5453
(916) 229-3870
(916) 229-3541 for TDD

Browse CalSTRS Web site at:

www.calstrs.ca.gov

*When contacting CalSTRS, be sure to
include your Social Security number.*

CalSTRS Vision Statement

CalSTRS is committed to lifetime security and service that meets the changing needs of California's educators.

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Statements in this publication are general and the Teachers' Retirement Law is complex and specific. If a conflict arises between information contained in this publication and the law, any decisions will be based on the law.

The *Retired Educator* is published twice a year for retired members and benefit recipients of the California State Teachers' Retirement System. Comments or suggestions may be directed to: Editor, Public Affairs, MS #34, P.O. Box 15275, Sacramento, CA 95851